

FISCAL NOTE

HB 4151 - SB 4188

March 3, 2008

SUMMARY OF BILL: Creates a Class D felony offense for anyone who falsifies, conceals, or omits a material fact, makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any materially false writing or document as it relates to the TennCare program.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Not Significant

Increase State Expenditures - \$6,900/Incarceration*

Assumptions:

- During FY07, five offenders were admitted to the Department of Correction (DOC) for a Class E felony offense of welfare fraud. Estimate assumes one person per year would be convicted of a Class D felony of TennCare fraud rather than a Class E felony of welfare fraud and would serve an additional 0.3 years (an increase from 0.3 years to 0.6 years).
- According to the DOC, the average operating cost per inmate per day for calendar year 2008 is \$62.78. The cost per inmate at 0.3 years is \$6,879.43 (\$62.78 x 109.58 days). The cost per inmate at 0.6 years is \$13,758.24 (\$62.78 x 219.15 days). The additional cost from increasing the average sentence length from 0.3 years to 0.6 years is \$6,878.81 (\$13,758.24 - \$6,879.43).
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.09 percent per year for the past 10 years, yielding a projected compound population growth of 13.6 percent over the next 10 years. No significant incarceration cost increase will occur due to population growth in this period.
- According to the Bureau of TennCare, any additional recoveries resulting from the bill will not have a significant fiscal impact on state revenue.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml